

STATE OF WISCONSIN  
BEFORE THE ARBITRATOR

RECEIVED  
MAR 17 1995  
WISCONSIN DEPARTMENT OF  
PUBLIC EMPLOYMENT

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In the Matter of Interest  
Arbitration Between

TOWN OF WESTON

and

TOWN OF WESTON DEPARTMENT OF  
PUBLIC WORKS EMPLOYEES, GENERAL  
TEAMSTERS LOCAL 662

Case 27  
No. 50225  
INT/ARB-7115  
Decision No. 28120-A

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WESTON SANITARY DISTRICT

and

TOWN OF WESTON  
SANITARY DISTRICT EMPLOYEES,  
GENERAL TEAMSTERS LOCAL 662

Case 28  
No. 50226  
INT/ARB-7116  
Decision No. 28121-A

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APPEARANCES:

On Behalf of the Employers: Ronald J. Rutlin, Attorney - Ruder,  
Ware, & Michler, S.C.

On Behalf of the Union: Christel Jorgensen, Business Agent -  
Teamsters Local 662

## **I. BACKGROUND**

Because the final offers are identical in each of the two bargaining units, the Parties agreed to have a consolidated arbitration hearing. The matters had also been handled in tandem during the investigation. The Street Department is a collective bargaining unit consisting of all regular full-time and regular part-time equipment operators and mechanics employed by the Town of Weston, excluding managerial, supervisory, and confidential employees. The Sanitary District is a collective bargaining unit consisting of all regular full-time and regular part-time employees, excluding supervisory, managerial, and confidential employees. The collective bargaining agreement in each unit expired December 31, 1993. After exchanging initial proposals and meeting once in each case, the Union filed separate petitions requesting that the Commission initiate arbitration pursuant to Sec. 111.70(4)(cm)6 of the Municipal Employment Relations Act. On March 24, 1994, a member of the Commission's staff conducted an investigation which reflected that the Parties were deadlocked in their negotiations, and by July 7, 1994, the Parties submitted to said investigator their final offers, written positions regarding authorization of inclusion of nonresidents of Wisconsin on the arbitration panel to be submitted by the Commission, and thereupon the investigator notified the Parties that the investigation was closed. Next the investigator advised the Commission that the Parties remained at impasse. On July 22, 1994, the Commission ordered, separately, the Parties to select an Arbitrator. They selected the undersigned to serve as Arbitrator in both cases. The appointment was confirmed by the Commission on August 8, 1994.

A consolidated hearing was held on November 28, 1994. Post-hearing briefs were filed and exchanged on January 3, 1995.

## **II. FINAL OFFERS**

The Union proposed in each unit that all matters in the previous agreement be maintained with the exception of those matters modified by tentative agreement and the wage rates. Concerning wage rates, the Union proposes that they be increased by 3½ percent on January 1, 1994, and January 1, 1995.

The Employer in each instance proposes: (1) that wage rates be increased by 3 percent in each year of the contract effective January 1, 1994,

and January 1, 1995, and (2) that Article 20, Health and Welfare, Section 1, be revised to read as follows:

Section 1: The Employer shall contribute up to \$361.00 per month for a group hospital/surgical insurance program for both family and single coverage. However, any increase causing the premium to exceed \$361.00 occurring after 1/1/94 shall be shared 50/50 by the employee and the Employer. The Employer shall pay the full premium for a dental insurance program. The Employer has the right to change coverages and/or self-fund so long as equivalent benefits are maintained.

The Employer shall provide and pay the full cost of \$10,000 life insurance for each bargaining unit employee.

The Employer proposes, for the remainder of the agreement, the status quo as modified by the tentative agreement.

It should be noted that Section 20 in the expired agreement provided that the Employer pay the "full premium" for the General Teamsters Union Local 662 group health protection program. This is a consolidated premium with no differentiation in rates for families or single persons. The premium through September 1994 was \$332.21. From October 1994 to October 1995 the premium will be \$367.09.

### **III. ARGUMENTS OF THE PARTIES (SUMMARY)**

#### **A. The Union**

The Union believes that its offer, which maintains the status quo on health insurance and provides a wage increase that is in line with, and in some cases lower than, those increases negotiated in comparable communities is most reasonable. On the other hand, the Employer proposes a contribution towards the health insurance premiums that have a concessionary impact on the employees and proposes a wage increase lower than that in the comparable areas. For example, with respect to wages, both Parties' exhibits show that wage settlement patterns for the comparable areas are higher than the 3 percent offered by the Employer and, in some cases, higher than the 3½ percent proposed by the Union.

Regarding the insurance issue, the Union notes that the insurance premiums paid by the Town of Weston are on the low end of the range and employers with considerable higher premiums pay 100 percent of these premiums. This raises in their mind the question whether there is a need to

impose insurance concessions on the employees when the Town of Weston already enjoys one of the lower premiums in the comparable communities. The evidence shows that the average for family premiums for comparable communities is \$425.83. The premium currently paid by the Town of Weston is \$367.09.

With regard to comparables, the Union leaves it to the Arbitrator to decide whether Marshfield is an external comparable. Regarding the Employer's argument that the Everest Metro Police Department (a consolidation of the Schofield and Weston Police Departments), the Union notes that, when consolidated, one of the units already had premium sharing. There were many other changes, including wage adjustments, to create uniformity and equity between the two departments. In this case, there is no quid pro quo in exchange for the long-term impact of premium sharing.

Additionally, the Union doesn't believe health insurance problems are solved by shifting the cost from the Employer to the employees. They suggest that the open-ended and unpredictable liability that is created for the employees by the Employers' proposal will have no impact on premium levels. Instead, it simply shifts the burden and requires ongoing concessions by the employees. It is their opinion that employees have already helped share the burden by participating in a plan that provides coverage at a reasonable cost to the Employer.

## **B. The Employer**

The first issue addressed by the Employers is the issue of which communities should be considered comparable. They note the Town has selected the municipalities of Antigo, Kronenwetter, Medford, Merrill, Mosinee, Rothschild, Schofield, Tomahawk, Wausau, and Marathon County as its comparable grouping. The District's comparables are the same with the exception of Kronenwetter. Kronenwetter has been omitted from the District's comparables because it does not have a sanitary district. It is also noted that the Union's comparable grouping consists of the same comparables that the Town and District propose except it included Marshfield and did not include Tomahawk. With respect to Tomahawk, the District notes its population is very close to the populations of the other comparables selected by the Town and the District. On the other hand, the City of Marshfield has a population of 19,242 and is substantially larger than a majority of the comparables and is much larger than the Town of Weston's population of 10,694. In addition, the

District suggests there is no rationale to include Marshfield and not include other similarly sized communities, such as Stevens Point and Wisconsin Rapids. Accordingly, the Employers believe their comparable group is most appropriate.

The Employers believe their offers are the most reasonable for a variety of reasons. The first reason submitted by them is that their final offers regarding wages are preferable and are supported by the comparables. For instance, they present data which shows that in all wage classifications, employees receive wages that are significantly above the average of the comparables. The Union's offer would place the employees excessively above the average. In contrast, the Town and District wage offer will maintain the employees' wage ranking among the comparables. This high rank and significant wage differential is reflected in a high retention level which, in turn, indicates a high level of satisfaction among employees.

Regarding health insurance, the Employers believe its offer is preferable based on bargaining history and the comparative data. They believe the change to a flat dollar contribution requested by the Town and the District is justified based on several factors. They include: (1) the fact that the internal comparables (particularly the new Everest Metropolitan Police Department) comparables demonstrate the need for a change, (2) the fact that the City of Schofield employees in a similar position contribute toward the costs of the health insurance plan even though their wages are substantially lower than the Weston DPW and Sanitary District wages, and (3) the fact that five of the ten external comparables require employee contribution toward health insurance. The Employers note that even if the premiums would increase 10 percent in October of 1995, employees would be only paying about 5 percent of the premium cost. Moreover, there is no co-pay or deductible as there is in most plans.

The Employers also argue that the overall benefit levels received by Weston employees continues to support their final offer. For instance, they receive fully paid dental insurance, whereas only two other comparables, Mosinee and Schofield, pay the full cost. Other competitive, if not liberal benefits, include vacation benefits and longevity.

Last, the Employers argue that (1) the interest and welfare of the public dictates selection of the Town and District final offers and (2) that the cost of living favors their offer. For instance, they note that the Employers' 1994 and

1995 wage offer of 3 percent each year exceeds the Consumer Price Index for 1994.

## V. DISCUSSION AND OPINION

It is noted at the outset that the impact of the Employer offer, if accepted, will largely be in the future. This is because the health insurance premium did not increase until October 1, 1994, and when it did, it only exceeded the \$361 cap by a little over \$6. This would result in an employee contribution of \$3.05 per month from October 1994 to October 1995. This is a rather insignificant amount. The next premium increase is due in October 1995, just three months prior to the end of the contract. Thus, during the term of the contract, the Employers' offer would potentially impact the employees in any significant way only for a short period. For instance, assuming a 10 percent increase in premium, the employee share would be approximately \$21.35 per month for three months or a total of \$64.05. Added together with the 1994 employee share of \$3.05 per month, the total cost per employee for the term of the contract, if the Employer's offer is accepted, would be \$100.65. When averaged out over the two years of the contract, this is an insignificant \$4.19 per month compared, for instance, to the average increase generated under even the Employers' offer in the Street Department of approximately \$69.53 per month per employee in the Street Department.

Even though a significant premium share will only be in effect for three months of the contract and even though the Union will be free to negotiate a different arrangement in 1996, the impact of the Employers' offer is indeed significant. This is because, if accepted, the Employers' offer becomes the status quo and sets a pattern for the future. The burden is then on the Union--just as it is on the Employers in this case--to justify a change in the agreement.

All this being true, the critical and fundamental question for this case is whether the employees in question should share in the cost of their health insurance. After evaluating the evidence in light of all the statutory criteria, it is the Arbitrator's conclusion that it is reasonable to impose that condition. Regardless if the consolidated Everest Police Department is considered an internal comparable or an external comparable, all the comparability factors favor the Employers' offer. As a general matter, most public sector employers who could be considered comparable require employees to share in the cost of health insurance coverage. Five of these, Antigo, Kronenwetter, Medford, Mosinee, and Schofield, require a premium contribution. In Kronenwetter a 5

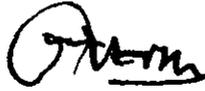
percent contribution is required, which for a family premium is \$21 per month. In Medford a \$40.93 per month contribution is required toward health and dental. Schofield's contribution is \$2.44 per month. In Antigo and Mosinee not only is a 10 percent or \$21 per month premium contribution required, but they have \$100/300 deductible and 80/20 co-pay on the first \$1,000.

It might seem in the Union's favor that in five of the Employers' ten comparables, the employees do not have to contribute to the premium. However, employees there contribute in other ways. Employers in Merrill, Rothschild, Wausau, and Marathon County pay 100 percent of the premium, but employees have significant deductibles and also in one case (Wausau) have a 80/20 major medical co-pay. The deductibles for families are \$200 in Wausau, \$400 in Merrill, \$450 in Rothschild, and \$600 in Marathon County. This is significant since the Union here is not proposing any cost sharing on insurance. This weighs heavily against them. They want to retain cost-free insurance when every employee in the comparables shares in the cost of insurance directly through premium contribution or indirectly through co-pays and deductibles. The Union did argue that the Employer insurance premiums were relatively low. However, the true relative cost is difficult to gauge because the premium in Weston is a composite family/single premium, whereas many employers have a separate family and single premium. Where there can be an apple to apple comparison (composite premium to composite premium), the Employer's premium is the same or nearly the same as Schofield and Medford and \$45 per month less than only two other employers.

The impact of the Employers' offer is lessened by the fact that, generally speaking, the wage rates in the instant bargaining units are substantially higher than average, and they have a relatively good total compensation package. It is noted that the Employers' wage offer, while less than the Union's, still maintains the bargaining units' wage rates well above the same employees (on average) in the comparables. On average, employees in these bargaining units will earn approximately \$1.11 or 8.9 percent more than their counterparts even under the Employers' offer.

In summary, the Employers' final offer is more reasonable. This is because it results in employees sharing in insurance premiums costs which is the case in five of the ten comparables and because it results in employee cost sharing generally, which in one form or another, is the case in all the other comparables. A departure from this pattern is not justified even though the Employer wage offer is less than the Union's since the bargaining units already enjoy a relative wage rate advantage.

AWARD



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Gil Vernon, Arbitrator

Dated this 9<sup>th</sup> day of March 1995.